

Health Care Reform FEHB *FastFacts*

How Does the Affordable Care Act's Individual Shared Responsibility Provision and the **Requirement to Maintain Minimum Essential Coverage** **AFFECT ME?**

Under the Patient Protection and Affordable Care Act, Public Law 111-148 and the Health Care and Education Reconciliation Act of 2010, Public Law 111-152 (collectively, the Affordable Care Act), the Federal government, state governments, insurers, employers, and individuals are given shared responsibility to reform and improve the availability, quality, and affordability of health insurance coverage in the United States.

Beginning January 1, 2014, the **Affordable Care Act's individual shared responsibility provision requires each individual (including children)** to:

- maintain minimum essential health coverage (known as "minimum essential coverage" or "MEC") for each month; **or**
- qualify for an exemption; **or**
- make a payment when filing his or her Federal income tax return.

Children and other Federal income tax dependents must have minimum essential coverage or qualify for an exemption for each month in a calendar year. Otherwise, the adult or married couple who can claim a child or other individual as a dependent for Federal income tax purposes will owe a payment.

For more information on how the individual shared responsibility provision affects individuals claiming dependents, please visit the IRS website at website at

www.irs.gov/uac/Questions-and-Answers-on-the-Individual-Shared-Responsibility-Provision.

1. Does FEHB coverage qualify as minimum essential coverage (MEC)?

Yes, according to the Affordable Care Act, codified at 26 U.S.C. § 5000A(f), MEC includes an eligible employer-sponsored plan that is a Federal Governmental Plan as defined under the Public Health Service Act. All FEHB plans are eligible employer-sponsored plans and provide minimum essential coverage (MEC). Therefore, FEHB plans meet the definition of MEC.

2. Do all FEHB plans and enrollment options qualify as MEC?

Yes.

3. Does coverage through the FEHB Temporary Continuation of Coverage (TCC) or Spouse Equity provisions qualify as MEC?

Yes, the requirement to maintain MEC is satisfied for individuals covered under FEHB plans through TCC or Spouse Equity provisions.

4. Does FEHB coverage for eligible tribal employees (including their eligible family members under a Self and Family enrollment) of tribal employers participating in the FEHB Program qualify as MEC?

Yes.

Do not rely solely on this fact sheet.

For more information, always refer to the IRS website at <http://www.irs.gov/uac/Questions-and-Answers-on-the-Individual-Shared-Responsibility-Provision>

5. Is the individual requirement for MEC satisfied for FEHB-eligible employees, annuitants, and family members who are:

A. Enrolled in FEHB Coverage

Yes, the individual requirement to maintain MEC is satisfied for individuals covered as an enrollee under a FEHB plan.

B. Covered under a spouse's or parent's FEHB self and family enrollment

Yes, the individual requirement to maintain MEC is satisfied for those individuals covered as a family member under the FEHB plan.

C. Not enrolled or covered under a FEHB plan

It depends. Individuals who are eligible but not enrolled or covered under a FEHB Plan should review the IRS information on individual shared responsibility and the requirement to maintain MEC, available online at: www.irs.gov/uac/Questions-and-Answers-on-the-Individual-Shared-Responsibility-Provision. Coverage under a health plan other than FEHB or under certain Government sponsored programs may satisfy the MEC requirement for these individuals. Further, the IRS website contains guidance on exemptions from the MEC requirement and other detailed information.

6. If you are an employee who is not enrolled in FEHB (but is eligible to enroll in FEHB) and you do not have other MEC or you do not qualify for an exemption, then you may enroll in the FEHB Program for 2014 during the annual Federal Benefits Open Season. The 2013 Open Season runs from November 11, 2013 through December 9, 2013. Please visit our website at www.opm.gov/insure for details.

Generally for most Federal employees, 2013 Open Season FEHB enrollments are effective on the first day of the first full pay period that begins in January 2014. Even though employees and/or their FEHB-eligible family members may not be covered for all of January 2014, the individual shared responsibility requirement to maintain MEC for those individuals will be satisfied because having coverage for at least one day during the month is treated as having coverage for the month.

For tribal employees of tribal employers, 2013 Open Season FEHB enrollments are effective on January 1, 2014.

Additionally, employees who are eligible for FEHB coverage, but who are not currently enrolled may enroll in an FEHB plan if they experience a Qualifying Life Event (QLE). Generally, the effective date for an FEHB enrollment due to a QLE is the first day of the first pay period that begins after the date the employing office receives the Standard Form 2809 to enroll and that follows a pay period during any part of which the employee is in pay status. For information on QLEs, please visit the OPM website at www.opm.gov/healthcare-insurance/healthcare/reference-materials/reference/enrollment/.

Note: If you are an annuitant who is not currently enrolled in FEHB (and you were not enrolled in the FEHB or covered as a family member under another FEHB enrollment when you retired), you cannot enroll in FEHB. Please visit the IRS website at www.irs.gov/uac/Questions-and-Answers-on-the-Individual-Shared-Responsibility-Provision for details on other types of MEC as well as exemptions and payments.

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For more information, always refer to the IRS website at <http://www.irs.gov/uac/Questions-and-Answers-on-the-Individual-Shared-Responsibility-Provision>

7. If you are an employee or annuitant or eligible family member who lives abroad, are you subject to the individual shared responsibility for MEC?

Yes. However, US citizens who live abroad for a calendar year (or at least 330 days within a 12 month period) are treated as having MEC for the year (or period). Please visit the IRS website at www.irs.gov/uac/Questions-and-Answers-on-the-Individual-Shared-Responsibility-Provision for details on the individual shared responsibility provision for US citizens living abroad. For more information on this topic, please consult your tax advisor.

8. If you are an employee or annuitant or eligible family member who is a resident of a United States territory, are you subject to the individual shared responsibility provisions?

All bona fide residents of the United States territories are treated by law as having MEC and are not required to take any action to comply with the individual shared responsibility provisions. For more information on this topic, please consult your tax advisor.

9. If you are an employee or annuitant and you do not have FEHB coverage for yourself and/or your dependents,

then you should review the information on the IRS website at www.irs.gov/uac/Questions-and-Answers-on-the-Individual-Shared-Responsibility-Provision regarding the individual shared responsibility requirements. You should determine if you and/or dependents you claim on your Federal income tax return have (or will have) MEC via another health insurance program, including coverage you may purchase through the Health Insurance Marketplace (also known as the Affordable Insurance Exchanges). Alternatively, information on the IRS website may help you determine if you qualify for an exemption, or if you may have to make a payment with your 2014 Federal income tax return.

10. If you are an employee or annuitant and you are considering cancelling your FEHB enrollment,

then you should review the information on the IRS website at www.irs.gov/uac/Questions-and-Answers-on-the-Individual-Shared-Responsibility-Provision regarding the individual shared responsibility requirements.

11. If you are an employee or annuitant and your FEHB enrollment will be terminating, then you should review the information on the IRS website at www.irs.gov/uac/Questions-and-Answers-on-the-Individual-Shared-Responsibility-Provision regarding the individual shared responsibility requirement.

12. If you and/or your FEHB-eligible family members have FEHB coverage through the Temporary Continuation of Coverage (TCC) or the Spouse Equity provisions, then the individual shared responsibility requirement for MEC is satisfied for yourself and/or your FEHB-eligible family members.

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For more information, always refer to the IRS website at <http://www.irs.gov/uac/Questions-and-Answers-on-the-Individual-Shared-Responsibility-Provision>

New Health Insurance Marketplace Coverage Options and Your Health Coverage

General Information

When key parts of the health care law take effect in 2014, there will be a new way to buy health insurance: the Health Insurance Marketplace. To assist you as you evaluate options for you and your family, this notice provides some basic information about the new Marketplace and employment based health coverage offered by your employer.

What is the Health Insurance Marketplace?

The Marketplace is designed to help you find health insurance that meets your needs and fits your budget. The Marketplace offers "one-stop shopping" to find and compare private health insurance options. You may also be eligible for a new kind of tax credit that lowers your monthly premium right away. Open enrollment for health insurance coverage through the Marketplace begins in October 2013 for coverage starting as early as January 1, 2014.

Can I Save Money on my Health Insurance Premiums in the Marketplace?

You may qualify to save money and lower your monthly premium, but only if your employer does not offer coverage, or offers coverage that doesn't meet certain standards. The savings on your premium that you're eligible for depends on your household income.

Does Employer Health Coverage Affect Eligibility for Premium Savings through the Marketplace?

Yes. If you have an offer of health coverage from your employer that meets certain standards, you will not be eligible for a tax credit through the Marketplace and may wish to enroll in your employer's health plan. However, you may be eligible for a tax credit that lowers your monthly premium or a reduction in certain cost-sharing if your employer does not offer coverage to you at all or does not offer coverage that meets certain standards. If the cost of a plan from your employer that would cover you (and not any other members of your family) is more than 9.5% of your household income for the year, or if the coverage your employer provides does not meet the "minimum value" standard set by the Affordable Care Act, you may be eligible for a tax credit.¹

Even if your employer intends your coverage to be affordable, you may still be eligible for a premium discount through the Marketplace. The Marketplace will use your household income, along with other factors, to determine whether you may be eligible for a premium discount. If, for example, your wages vary from week to week (perhaps you are an hourly employee or you work on a commission basis), if you are newly employed mid-year, or if you have other income losses, you may still qualify for a premium discount.

Note: If you purchase a health plan through the Marketplace instead of accepting health coverage offered by your employer, then you may lose the employer contribution (if any) to the employer-offered coverage. Also, this employer contribution—as well as your employee contribution to employer-offered coverage—is often excluded from income for Federal and State income tax purposes. Your payments for coverage through the Marketplace are made on an after-tax basis.

How Can I Get More Information?

For more information about your FEHB health insurance coverage offered by your employer, please visit www.opm.gov/insure or contact your human resources office.

The Marketplace can help you evaluate your coverage options, including your eligibility for coverage through the Marketplace and its cost. Please visit www.healthcare.gov for more information, including an online application for health insurance coverage and contact information for a Health Insurance Marketplace in your area.